



HONG KONG MONETARY AUTHORITY

香港金融管理局

Tel : 2878 8060
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25 July 2012

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Renminbi (RMB) Liquidity Facility

The Hong Kong Monetary Authority (HKMA) has put in place the RMB liquidity facility since 15 June 2012 to provide RMB liquidity to AIs participating in RMB business (Participating AIs) in Hong Kong. A number of Participating AIs have already tapped the facility. In light of the experience in operating the facility, the HKMA considers it appropriate to move back the time by which the Participating AIs may submit their requests for funds from 10:00 am to 1:30 pm. This would allow more time for Participating AIs to better assess their RMB liquidity needs. This change takes effect immediately. For ease of reference, the revised terms and conditions, in full, for the facility are attached at the Annex.

Participating AIs are welcomed to use the RMB liquidity facility to manage their short-term liquidity needs and we will continue to keep the terms and conditions of the facility under constant review, and where appropriate, make refinements in light of the experience in operating the facility.

Yours faithfully,

(Edmond Lau)
Executive Director
Monetary Management Department

Terms and Conditions of the RMB Liquidity Facility

(i) Tenor	One week
(ii) Interest rate	By reference to prevailing market interest rates
(iii) Eligible collateral	<ul style="list-style-type: none">• Exchange Fund Bills and Notes• HKSAR Government bonds• RMB denominated bonds issued in Hong Kong by the Ministry of Finance of the People's Republic of China
(iv) Haircut on eligible collateral	<ul style="list-style-type: none">• 5% for securities with remaining maturity at 1 year or below• 10% for securities with remaining maturity at 5 years or below but over 1 year• 20% for securities with remaining maturity over 5 years
(v) Banks eligible	RMB Business Participating AIs
(vi) Contact details	Participating AIs interested to borrow RMB funds should contact the dealing room of the HKMA at 2878 8104 or Reuters dealing code EFHK before 1:30 pm on each business day
(vii) Settlement	RMB funds will be credited to the Participating AI's RMB RTGS account held with the Clearing Bank on T+2 basis subject to the receipt of the securities by the HKMA